

STATEMENT FOR THE RECORD
BONNEVILLE POWER ADMINISTRATION
UNITED STATES DEPARTMENT OF ENERGY

STATEMENT ON
S. 1522 THE FISHERIES RESTORATION AND IRRIGATION MITIGATION ACT OF 2007
FOR THE
SUBCOMMITTEE ON WATER AND POWER
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

JULY 26, 2007

Chairman Salazar and Members of the Subcommittee, thank you for inviting the Bonneville Power Administration (Bonneville) to provide a statement of its views on S. 1522, a bill that reauthorizes the Fisheries Restoration and Irrigation Mitigation Act of 2000 (P.L. 106-502). The Administration supports the principles of the Fisheries Restoration and Irrigation Mitigation Act (FRIMA) program as an important part of a multi-agency effort to recover and conserve fish populations.

Bonneville is a Federal Power Marketing Agency under the Department of Energy that markets about 40 percent of the electricity consumed in the Pacific Northwest. The electricity is produced at 31 Federal dams in the Pacific Northwest and one nuclear plant, and is sold to over 140 Pacific Northwest utilities. Bonneville also operates a high-voltage transmission grid of more than 15,000 circuit-miles of lines and associated substations in Washington, Oregon, Idaho, and Montana. Bonneville generates revenues from the sale of power and transmission services and its costs are covered by its revenues, so that it does not receive annual appropriations like other federal agencies.

The Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Northwest Power Act) requires Bonneville to protect, mitigate and enhance fish and wildlife affected by Federal Columbia River Power System (FCRPS) dams. Since 1978, Bonneville has contributed over \$9 billion in costs to aid fish and wildlife mitigation and species and habitat recovery efforts in the Pacific Northwest.

Bonneville's funding for fish and wildlife recovery efforts has five main components:

- Expense or direct program
Bonneville funds over 400 fish and wildlife projects in the Columbia Basin (habitat restoration, research, hatcheries, land acquisitions, predator control, and culvert replacement).
- Reimbursable
Bonneville reimburses the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation for a portion of those operation and maintenance costs related to improvements at the dams for fish passage and the U.S. Fish and Wildlife Service for hatchery operations.
- Project repayment
Bonneville reimburses the U.S. Treasury, principal and interest, for constructing and operating projects such as hatcheries and fish passage projects at the dams.
- Power purchases
Bonneville is obligated to provide its customers with electricity, and if fish operations limit electricity generated at the dams, Bonneville must purchase power elsewhere to supply customer demand. The cost varies depending on power market prices and water volume.

- Lost opportunity costs

The water that is spilled through the dams for fish represents “lost” electricity and money that could have been generated if the water had passed through the turbines. The cost varies depending on power market prices and water volume.

Given this significant commitment, Bonneville believes that the FRIMA program, which is intended to prevent fish losses from irrigation projects, constitutes a cost-effective means to protect the investment already being made by Bonneville and its customers for fisheries programs. Bonneville also believes that participation in FRIMA programs is consistent with its statutory mandates for mitigating system impacts on fish and wildlife under the Northwest Power Act and other statutes.

For purposes of implementing this bill, Bonneville would fund non-Federal cost-shares through the expense or direct program portion of its budget. That portion of our fish and wildlife mitigation budget obtains review from the Independent Scientific Review Panel (ISRP) and consists largely of project recommendations from the Northwest Power and Conservation Council. Bonneville understands that there may be policy considerations that should be taken into account by the Secretary when determining whether Bonneville’s funds are appropriate for the FRIMA program. And, as stated in the Department of Interior testimony, the Administration believes that more study and evaluation is needed to determine whether Bonneville funds should be counted toward the non-Federal component of FRIMA.

Congress has given Bonneville’s Administrator both a mandate to mitigate the effects of the FCRPS dams on the fish and wildlife of the Columbia River Basin and broad contracting and funding authorities that allow the agency to be run much like a business in fulfilling that mission. Because the authorities granted to the Administrator allow him/her to provide funding when it would meet one or more of Bonneville’s statutory purposes, the agency believes that so long as it is not violating the Northwest Power Act or other laws, the Administrator may provide funding for mitigation that helps address the FCRPS dams’ impacts on fish and wildlife.

Since the Northwest Power Act passed, Bonneville has interpreted its authorities to allow the Administrator to offer to fund the non-Federal cost-share of another Federal agency’s mitigation grant program so long as Bonneville’s funding was authorized under section 4(h)(10)(A) of the Northwest Power Act. Since Bonneville’s revenues are derived from ratepayers rather than from appropriated funds, it provides a basis for a local cost-share determination. The limitations placed on funding under that section of the act are clear and have not changed:

- Mitigation must be done in a manner consistent with the goals, objectives, and measures in the Northwest Power and Conservation Council’s Columbia River Basin Fish and Wildlife Program, the Council’s Power Plan, and the Act’s other purposes.
- Mitigation funded must help address FCRPS dam’s impacts and be for fish and wildlife and their habitat in the Columbia River Basin.
- Bonneville’s funding must not replace other mitigation programs or efforts that others are responsible for.

For years, Bonneville's Administrators have made funds available to state and local governments, tribes, and non-governmental organizations for use as the non-Federal cost-share in mitigation grant programs run by other Federal agencies. Depending upon the statutory authorizations and regulations governing those grant programs, some but not all Federal agencies have been able to accept Bonneville's funding. For example the U.S. Army Corps of Engineers accepts Bonneville funding as a non-Federal cost share for the Nursery Bridge fish ladder facility on the Oregon portion of the Walla Walla River, the 12 Mile Project on Idaho's Salmon River, and for its General Investigations Program for the Willamette Floodplain Restoration Study. Bonneville has also entered into memoranda of understanding to provide a non-Federal cost share for fish mitigation projects managed by the Bureau of Reclamation and the Forest Service.

To date, Bonneville has not contributed FRIMA matching funds to the U.S. Fish and Wildlife Service because the Department of Interior believes it is not authorized to accept non-Federal matching funds from Bonneville. The proposed amendment to FRIMA would expressly authorize the Secretary of Interior to accept non-Federal matching funds from Bonneville. As stated in the Department of Interior testimony, the Administration believes that more study and evaluation is needed to determine whether Bonneville funds should be counted toward the non-Federal component of FRIMA.

CONCLUSION

In conclusion, the Administration supports the principles of the Fisheries Restoration and Irrigation Mitigation Act and looks forward to working with the Committee to address concerns with the legislation.